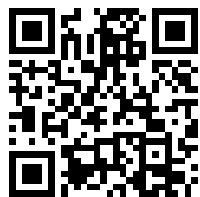


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## INDIA:

# Compensation for the Services

Grant of Compensation for premature termination of their service in India to members of the Civil Services appointed by the Secretary of State and to regular officers and British warrant officers of the Indian Naval and Military Forces

*Presented by the Secretary of State for India to Parliament  
by Command of His Majesty  
April 1947*

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# INDIA: COMPENSATION FOR THE SERVICES

STATEMENT MADE BY THE PRIME MINISTER IN THE HOUSE  
OF COMMONS AND BY THE SECRETARY OF STATE FOR  
INDIA IN THE HOUSE OF LORDS ON  
WEDNESDAY, 30th APRIL, 1947

1. A decision has now been reached on the compensation of members of the Indian Services whose careers will be affected by the transfer of power. This decision needs to be viewed against its historical background and I will, with the permission of the House, explain the circumstances which have led up to it.

2. The Act of 1919 placed officers appointed by the Secretary of State in subordination for the first time to Indian Ministers under the system of dyarchy established in the Provinces. This was considered to make a radical change in the conditions under which they had been appointed to serve and Section 96B of the Act was enacted to provide compensation in the case of persons appointed before the commencement of the Act. But the altered conditions of service created doubts in the minds of possible candidates as to future security of tenure and, in order to dispel these doubts and to ensure the necessary flow of recruits, authoritative explanations which carried assurance of a permanent career in India were given at the Universities and elsewhere. The principle of assured service or, in default, compensation was enunciated in 1934 by the Joint Select Committee of Parliament without limitation to those appointed before any particular date. In this form statutory effect was given to it by the detailed provisions contained in Part X of the Government of India Act, 1935.

3. It was thus the intention of Parliament that officers whose careers and prospects were prejudiced by constitutional changes should receive such compensation as the Secretary of State might consider just and equitable.

4. When in 1945 recruitment for the Indian Civil Service and the Indian Police was resumed, with provision for compensation if for constitutional reasons service was terminated prematurely, the then Secretary of State undertook, at the request of the Government of India, that officers already serving would, if their services were similarly terminated, be granted terms not less favourable considered as a whole than those applicable to the new recruits. His Majesty's Government have, therefore, considered what arrangements should be made to compensate these and other officers appointed by the Secretary of State for loss of career and prospects.

5. There is also a further important factor to be considered. The Government of India inform His Majesty's Government that they are most anxious to avoid the loss of experienced officers. They have stated that they are prepared to give to those members of the Secretary of State's Services who continue to serve under government in India the same terms as to scales of pay, leave, pension rights and safeguards in matters of discipline as hitherto. Provincial Governments are being asked to give a similar assurance to officers continuing to serve in their Provinces. In the case of Indian officers they feel that sentiments of patriotism will impel them to continue to serve their country and that they can look for a positive improvement in their prospects.

They agree, however, that compensation should be payable to Indian officers who—

- (1) are not invited to continue to serve under government in India after the transfer of power, or
- (2) can satisfy the Governor-General that their actions in the course of duty during service prior to the transfer of power have damaged their prospects or that the appointments offered to them are such as cannot be regarded as satisfactory in the altered circumstances, or
- (3) can show to the satisfaction of the Governor-General that they have legitimate cause for anxiety about their future in the Province where they are now serving and that no suitable transfer can be arranged.

They do not feel that compensation should be admissible to Indian officers in other cases.

6. His Majesty's Government have now considered the position created by the undertaking given in 1945, the views expressed by the Government of India about the future, and all other relevant circumstances. While reserving the right to reconsider the position if any Provincial Government is unwilling to give the assurance that I have mentioned, they feel that there is a radical difference in the effect which the transfer of power will have upon the position of European and Indian officers respectively. The former will no longer be serving under the ultimate control of the Parliament of their own country and it cannot be maintained that their prospects will be the same as in the past. On the other hand, Indian officers will continue to serve their own country on the same terms as before. These will be guaranteed by the Government of India or by the Provincial Governments as the case may be, while their prospects will be improved. The same case for compensation, therefore, does not arise, though there may be exceptions within the three classes referred to. His Majesty's Government have accordingly authorised the Viceroy to announce that they accept the obligation to see that European officers and those Indian officers in the three special categories should receive compensation for the loss of their careers and prospects consequent on the transfer of power. They undertake also that the members of the Secretary of State's Services in India who retire will be secured in their rights to the leave then due to them.

7. Opportunities will exist for further government service for many of those who will become entitled to compensation. It is the earnest hope of His Majesty's Government that officers will freely avail themselves of these opportunities. The terms of such further employment will be a matter for consideration; but where British officers of the civil services accept appointment to another civil service under His Majesty's Government on a permanent, pensionable basis, they will receive no compensation but will be eligible for a re-settlement grant of £500.

8. The development of the policy of His Majesty's Government for constitutional advance in India has affected European officers and other ranks of the Royal Indian Navy, Indian Army and Indian Medical Service in a similar way to the members of the Civil Services. The same principles of compensation will, therefore, be applied and the scales are being published forthwith.

9. His Majesty's Government are anxious to do all in their power to assist the Indian Administration over the difficulties entailed by the transfer of power and, in order to minimise the loss of experienced officers and to encourage

those British officers who are invited to do so to continue in service under government in India, they undertake that these will receive the compensation to which they are entitled should they desire at any time after the transfer of power to exercise their right to retire. The amount of such compensation will be determined in accordance with the Tables by the date on which active service ceases and service rendered both before and after June 1948 will be taken into account. Compensation will be payable in addition to such retiring or proportionate pension as is admissible under rules.

10. The sources from which the monies involved will ultimately come must be a matter to be dealt with hereafter but, so far as the individuals affected are concerned, they have the assurance of His Majesty's Government that they will receive the monies to which they will become entitled.

11. The Government of India accept liability for pension and proportionate pension earned by service under the Secretary of State, whether by civilians or by members of the Defence Services.

12. His Majesty's Government have accordingly authorised the Viceroy to make the announcement\* which is published in a White Paper laid to-day. The White Paper also contains Tables\* setting out the scales of compensation for the various Services affected.

13. I hope to make a very early announcement regarding compensation for the services in Burma where the position is similar to that in India, and discussions are now in progress with the Government of Burma as to the terms and scope of the arrangements to be made.

\* Printed below.

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## ANNOUNCEMENT MADE IN NEW DELHI BY HIS EXCELLENCY THE VICEROY ON WEDNESDAY, 30th APRIL, 1947

1. His Majesty's Government have announced their intention that the British Government's authority in India will be finally transferred to Indian hands by June 1948. It is the aim of His Majesty's Government that the transfer of power should be effected in an orderly and regulated manner so that the new authorities may assume their responsibilities in conditions conducive to the best interests of India and the maintenance of good relations with Great Britain. His Majesty's Government are confident that during this period of transition the Services and all those who man them, whether British or Indian, will respond to this call.

2. To those serving under covenant or other form of agreement with the Secretary of State for India or who hold Commissions from His Majesty The King, the transfer of power will mean the premature termination on that date of a career under the ultimate authority of His Majesty's Government and the British Parliament; and for many there is added to the heavy call of present duty the burden of anxiety for their own future and that of those who depend on them.



3. The Government of India are naturally and rightly most anxious—and His Majesty's Government share their anxiety—that the administration shall not be weakened by the loss of experienced officers. To this end the Government of India undertake that those members of the Secretary of State's Services who continue to serve under Government in India after the transfer of power shall do so on their present terms as to scales of pay, leave, pensionary rights and safeguards in matters of discipline and that provision to this effect should be made in the Treaty to deal with matters arising out of the transfer of power. The Government of India will now propose to Provincial Governments that they should give similar assurances to members of the Secretary of State's Services who agree to join Provincial Services.

4. The Government of India recognise that some Indian members of the Secretary of State's Services may be genuinely anxious about their prospects under Provincial administrations where they are at present employed and every effort will be made to arrange suitable transfers in such cases.

5. The Government of India agree that compensation should be payable to such Indian officers of these Services as:—

- (1) are not invited to continue to serve under government in India after the transfer of power; or
- (2) can satisfy the Governor-General that their actions in the course of duty during their service prior to the transfer of power have damaged their prospects or that the appointments offered to them are such as cannot be regarded as satisfactory in the altered circumstances; or
- (3) can show to the satisfaction of the Governor-General that they have legitimate cause for anxiety about their future in the Province where they are now serving and that no suitable transfer can be arranged.

But the Government of India feel that sentiments of patriotism will naturally impel Indian officers to continue to serve their country and that, in the light of the undertaking that they have given and the consideration that, in fact, Indian members of the Services will have improved prospects, there is no ground, save in these special cases, for the payment of compensation to Indian officers on account of the transfer of power.

6. His Majesty's Government have reviewed the whole position. They have noted the undertaking which the Government of India have given in regard to officers who they desire should continue to serve under Government in India. They recognise the force of the Government of India's arguments and they agree that, to Indian officers, compensation should not be admissible except in the cases which I have just mentioned. Many Indian members of the Secretary of State's Services will, however, become members of Provincial services and in their cases His Majesty's Government's agreement that they need not be compensated is conditional upon the Provincial Governments guaranteeing the existing terms of service. If they are not prepared to do so, His Majesty's Government reserve the right to reconsider the matter.

7. With these reservations I am now authorised by His Majesty's Government to inform members of the Secretary of State's Services that they accept the obligation to see that they are duly compensated for the termination of their careers consequent on the transfer of power. British officers who accept appointment to another Crown Service on a permanent pensionable basis



will, however, receive instead of cash compensation a resettlement grant of £500. His Majesty's Government also undertake that members of the Secretary of State's Services who retire will be secured in their right to the leave then due to them.

8. In pursuance of their wish to give all possible help to the Government of India in building up the new services, His Majesty's Government agree that their obligation covers the claim to ultimate compensation of those British members of the Services who are asked to serve on in India and decide to do so. If such officers decide at any time after the transfer of power that they wish to retire, they will receive any compensation to which they are entitled; this will be determined, according to the published tables, by the date on which active service ceases and service both before and after June 1948 will be taken into account. Compensation will be payable in addition to such retiring or proportionate pension as is admissible under the existing rules.

9. To European officers and other ranks of the Royal Indian Navy, Indian Army and Indian Medical Service whose services under the Crown in these Forces are brought to an end by reason of the transfer of power, I am authorised to announce the acceptance by His Majesty's Government of a similar obligation. For some it will be possible to pursue their profession in the corresponding British Service; and for them a lower scale of compensation for loss of an Indian career is provided.

10. Compensation will not ordinarily be admissible to those who retire before the date of the final transfer of power; but, in the interests of a smooth transfer, it may be desirable to spread releases over a period and if I am satisfied that in the public interest any civilian officers should be released with entitlement to compensation in advance of the final date, I will order accordingly after such consultation with the authorities concerned as may be necessary. If in the Fighting Services any European officer or other rank is certified by the Commander-in-Chief as having, after 1st July, 1947, been compulsorily retired as a result of accelerated reduction of the British element in anticipation of the transfer of power, he will acquire a title to compensation at the date of his retirement.

11. I am glad to be able to announce that the Government of India accept liability for pension and proportionate pension earned by service under the Secretary of State, whether by civilians or members of the Defence Services.

12. The scales of compensation to be granted to civil and military officers whose appointments are terminated on account of the transfer of power, and who are not appointed to a civil service under His Majesty's Government, will be published at once. An announcement will be made separately of the conditions to be applied in the cases of officers who may obtain permanent pensionable employment in a civil service under His Majesty's Government.

# TABLES OF COMPENSATION

TABLE I

SCALES OF COMPENSATION FOR CIVIL OFFICERS APPOINTED BY THE  
SECRETARY OF STATE

For Officers of the Indian Civil Service		For Military and Police Officers in the Indian Political Service		For Officers of other Secretary of State's Services*	
Completed years of Service	Amount	Age last Birthday	Amount	Age last Birthday	Amount
	£		£		£
				24	375
				25	750
				26	1,125
				27	1,500
5	2,500	28	2,500	28	1,875
6	3,000	29	3,000	29	2,250
7	3,500	30	3,500	30	2,625
8	4,000	31	4,000	31	3,000
9	4,500	32	4,500	32	3,375
10	5,000	33	5,000	33	3,750
11	5,500	34	5,500	34	4,125
12	6,000	35	6,000	35	4,500
13	6,500	36	6,500	36	4,875
14	7,000	37	7,000	37	5,250
15	7,500	38	7,500	38	5,625
16	8,000	39	8,000	39	6,000
17	7,500	40	7,500	40	5,625
18	7,000	41	6,500	41	4,875
19	6,500	42	6,000	42	4,500
20	6,000	43	5,500	43	4,125
21	5,500	44	5,000	44	3,750
22	5,000	45	4,500	45	3,375
23	4,500	46	4,000	46	3,000
24	4,000	47	3,000	47	2,250
25	3,500	48	2,500	48	1,875
26	3,000	49	2,000	49	1,500
27	2,500	50	1,500	50	1,125
28	2,000	51	1,000	51	750
29	1,500	52	500	52	375
30	1,000	53 & over	Nil	53 & over	Nil
31	500				
32 & over	Nil				

\* These Services include the Indian Police, the Indian Agricultural, Educational, Forest and Veterinary Services, the Indian Service of Engineers, the Indian Ecclesiastical Establishment and the Railway Services (only as regards officers appointed by the Secretary of State).

TABLE II

SCALES OF COMPENSATION FOR REGULAR OFFICERS OF THE ROYAL INDIAN NAVY, THE INDIAN ARMY AND THE INDIAN MEDICAL SERVICE EXCLUDING OFFICERS OF THE SPECIAL LIST OF QUARTERMASTERS AND DEPARTMENTAL OFFICERS OF THE INDIA UNATTACHED LIST

Age last Birthday Years	Amount	Age last Birthday Years	Amount
	£		£
19	37½	38	5,625
20	75	39	6,000
21	150	40	5,625
22	225	41	5,250
23	300	42	4,875
24	375	43	4,500
25	750	44	4,125
26	1,125	45	3,750
27	1,500	46	3,375
28	1,875	47	3,000
29	2,250	48	2,625
30	2,625	49	2,250
31	3,000	50	1,875
32	3,375	51	1,500
33	3,750	52	1,125
34	4,125	53	750
35	4,500	54	375
36	4,875	55	...
37	5,250		

*Note.*—Officers who transfer to the British Services will receive one-quarter of the rates laid down.

TABLE III

SCALES OF COMPENSATION FOR REGULAR OFFICERS OF THE SPECIAL LIST OF QUARTERMASTERS (INDIAN ARMY) AND REGULAR DEPARTMENTAL OFFICERS AND WARRANT OFFICERS OF THE PERMANENT LIST OF THE INDIA UNATTACHED LIST

Age last Birthday Years	S.L.Q.Ms.	Officers I.U.L.	W.Os. I.U.L.
	£	£	£
24	250	187½	125
25	500	375	250
26	750	562½	375
27	1,000	750	500
28	1,250	937½	625
29	1,500	1,125	750
30	1,750	1,312½	875
31	2,000	1,500	1,000
32	2,250	1,687½	1,125
33	2,500	1,875	1,250
34	2,750	2,062½	1,375
35	3,000	2,250	1,500
36	3,250	2,437½	1,625
37	3,500	2,625	1,750
38	3,750	2,812½	1,875
39	4,000	3,000	2,000
40	3,750	2,812½	1,875
41	3,500	2,625	1,750
42	3,250	2,437½	1,625
43	3,000	2,250	1,500
44	2,750	2,062½	1,375
45	2,500	1,875	1,250
46	2,250	1,687½	1,125
47	2,000	1,500	1,000
48	1,750	1,312½	875
49	1,500	1,125	750
50	1,250	937½	625
51	1,000	750	500
52	750	562½	375
53	500	375	250
54	250	187½	125
55	...	...	...

*Note.*—Officers and Warrant Officers who transfer to the British Service will receive one-quarter of the rates laid down.



TABLE IV

SCALES OF COMPENSATION FOR COMMISSIONED WARRANT OFFICERS AND  
WARRANT OFFICERS OF THE ROYAL INDIAN NAVY

Age last Birthday Years	Commissioned W.Os.	W.Os.
24	£ 187½	£ 125
25	375	250
26	562½	375
27	750	500
28	937½	625
29	1,125	750
30	1,312½	875
31	1,500	1,000
32	1,687½	1,125
33	1,875	1,250
34	2,062½	1,375
35	2,250	1,500
36	2,437½	1,625
37	2,625	1,750
38	2,812½	1,875
39	3,000	2,000
40	2,812½	1,875
41	2,625	1,750
42	2,437½	1,625
43	2,250	1,500
44	2,062½	1,375
45	1,875	1,250
46	1,687½	1,125
47	1,500	1,000
48	1,312½	875
49	1,125	750
50	937½	625
51	750	500
52	562½	375
53	375	250
54	187½	125
55	...	...

*Note.*—Commissioned Warrant Officers and Warrant Officers, Royal Indian Navy, who transfer to the Royal Navy will receive one-quarter of the rates laid down.





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